

DEPARTMENTAL MANAGEMENT

Departmental Management provides the executive-level leadership, policy, guidance, and coordination needed to manage the diverse, complex, and nationally significant programs entrusted to the Department.

The Secretary of the Interior is responsible for ensuring that the diverse programs and priorities of the Department are conducted effectively and efficiently in accordance with Presidential and Congressional direction. Accordingly, the Secretary of the Interior provides executive-level leadership from the Secretary's Immediate Office. The Secretary coordinates among Interior's nine bureaus and operating entities, and manages significant Departmental initiatives through programmatic Assistant Secretaries. Policy guidance is issued by Assistant Secretary for Policy, Management and Budget, while cost-effective services are provided through the Interior Service Center, the Office of the Solicitor, and the Office of Inspector General.

Five Assistant Secretaries advise and assist the Secretary on policy matters in carrying out his statutory, policy, and management responsibilities. Assistant Secretaries have been designated for Land and Minerals Management; Water and Science; Fish and Wildlife and Parks; Indian Affairs; and Policy, Management, and Budget.

During 1997, the following collaborative projects received special emphasis:

National Park Transportation Systems

On Earth Day 1996, President Clinton asked the Secretary of the Interior and the Secretary of Transportation to develop a plan to enhance resource protection and the quality of the visitor experience in national parks through innovative transportation planning. A Memorandum of Understanding signed November 25, 1997 by the Interior and Transportation Secretaries charts a new course to address transportation needs in and around national parks.

The President's memorandum also ordered the National Park Service to develop pilot programs at

Yosemite, Zion, and Grand Canyon National Parks to offer innovative solutions to these parks' transportation challenges. These three parks have developed those plans and are now well on their way to implementing the following actions in the next few years:

- Zion National Park will provide shuttle bus service from nearby hotels and campgrounds to the visitor center, and will then provide a clean-fuel shuttle bus with many drop-off points along the narrow canyon's only paved road.
- Yosemite National Park recently released its draft plan that proposes integrating an in-valley clean-fuel shuttle system with a regional transportation system established by the gateway communities. The east end of Yosemite Valley will be significantly restored to its natural condition, removing unnecessary roadways and buildings and reducing traffic congestion.
- Grand Canyon National Park's transportation plan redesigns the South Rim to permit a combination of light-rail train and alternative fuel buses to ride from Tusayan into the park's Mather Point Transit Center and to other trailheads, viewing areas, and facilities. Light rail will serve both the transportation hub at Mather Point and the former railway depot at Maswik from the Tusayan Gateway parking area. Alternative-fueled buses will provide transportation to other points of interest in the areas that have been most congested from automobile traffic.

Yosemite Flood Recovery and Draft Valley Implementation Plan

In January 1997, warm rainfall on a deep snowpack caused the highest levels of flooding ever recorded in the Yosemite Valley. The floods led to major damage to the park's infrastructure, including washed-out roads, flooded campsites and lodging units, destroyed utilities, and severe damage to Yosemite Lodge. Flood recovery efforts have been expedited but have proceeded in accordance with plans for other improvements and environmental restoration projects in the Yosemite Valley.

Improvements to the Valley through the flood recovery program include:

- the removal of 252 lodging and cabin units from the floodplain to restore the area to natural habitat; and
- the removal of employee housing in the Yosemite Lodge area from the floodplain to restore the area for visitor enjoyment and wildlife habitat.

On November 5, 1996, the draft Valley Implementation Plan (VIP) for Yosemite National Park was unveiled. The VIP's proposed action would reduce traffic and congestion to manageable levels; return some developed land to its natural condition; and remove some bridges, roads, buildings, and parking lots to reduce the human "footprint" on the Valley.

Everglades Restoration

Over the last century, changes in land and water use in South Florida have resulted in threats to the health of the Everglades, including loss of water, loss of species diversity, and increased contamination. In February 1996, Vice President Gore announced the Administration's \$1.5 billion Everglades Restoration Plan, a combination of land purchases, improved water delivery systems and better farming and development practices -- all based on sound science -- to restore the natural species and systems of the Everglades. Secretary Babbitt chairs the Federal-State-Local-Tribal task force that coordinates ecosystem restoration efforts in South Florida. A master plan for re-plumbing South Florida's 1,800-mile system of canals and levees is underway and construction has already begun to improve water delivery to the Everglades. In 1997, the Administration announced the acquisition of well over



Florida Everglades (photo by Department of the Interior).

a 100,000 acres for restoration purposes, including the purchase of a 50,000-acre sugar plantation and 31,000 acres of prime Florida panther habitat that was once slated to become a residential subdivision. Additionally, the Department of the Interior (1) began serious negotiation to acquire critical lands in the Everglades Agricultural Area for water storage and water quality purposes (2) received enhanced funding for science and restoration projects consistent with the Administration Plan and (3) participated in multi-agency decisions involving environmental concerns related to the transfer of the Homestead Air Reserve Base.

Protection of Fish and Wildlife

The Department worked with the Congress and constituent groups to enact the National Wildlife Refuge System Improvement Act of 1997, which defines the mission of the National Wildlife Refuge System as the conservation, management, and restoration of fish, wildlife, and plant resources; and defines compatible wildlife-dependent recreations as a legitimate and appropriate general public use. The Secretary also took a leading role in efforts to reauthorize the Endangered Species Act in a way that would maintain the essential strengths of the current law while taking steps to make it work better for species conservation, State governments, and affected landowners.

Year 2000 Computer Initiative

During 1997, the Department finalized its management plan to address and resolve the Year 2000 computer date change problem. The plan established the Department's Year 2000 Executive Committee to oversee progress in correcting the Year 2000 computer problem, and instituted a quarterly reporting system to monitor progress on all aspects of the Year 2000 initiative.

Entrepreneurial Activities

Today, the demand and interest in cross-servicing is increasing in conjunction with streamlining, reinvention, and other National Performance Review (NPR) initiatives. The Department has been a leader in providing cross-servicing and franchising services to a variety of government clients. These activities and services are provided by three service centers: the Denver Administrative Service Center (DASC); the Washington Ad-

ministrative Service Center (WASC); and the Interior Service Center (ISC). Additionally, the Office of Aircraft Services provides aviation services and facilities to Interior bureaus and offices in support of the Department's mission.

These service centers and the Office of Aircraft Services maintain a unique competitive position and exercise leadership in providing cost-effective services to Interior and non-Interior clients. Service centers have become proven alternatives for agencies that wish to reduce costs associated with administrative systems and support services, achieve economies of scale, and realize operating efficiencies. Service centers provide a variety of services on a reimbursable basis under the Economy Act of 1932. Their mission is to provide cost-effective, high quality administrative systems and support services that are responsive to customer needs.

Today, Interior service centers and the Office of Aircraft Services provide administrative systems and support services to over 80 governmental entities in the following areas:

- personnel, payroll, procurement, and financial management systems and operations;
- support services, such as general purpose mainframe computer timesharing, computer-based training products, and electronic commerce; and
- aircraft services in business systems, aircraft acquisitions, technical assistance, and aviation safety.

To assist in managing these organizations and coordinating the efforts of the Service Centers, the Department has established an Administrative Service Advisory Board to provide executive leadership and guidance to Interior service providers.

Franchise Fund Pilot Program

Interior has been selected to establish a Franchise Pilot Program under the provisions of the Government Management Reform Act of 1994 (GMRA). The GMRA authorized agencies to create franchise funds to reduce the cost of government by creating an atmosphere of competition and entrepreneurship in Federal agencies that provide products and services to other Federal agencies.



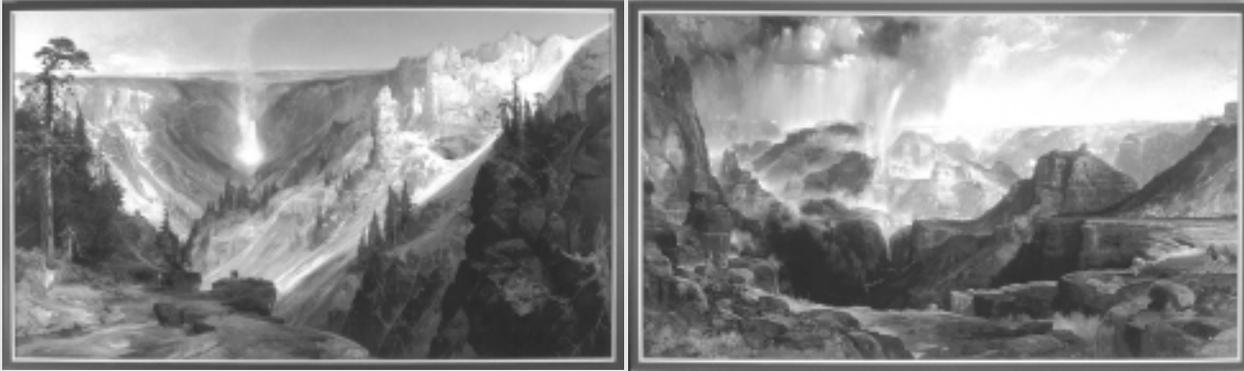
Interior museum object shows photos of the Chief Clerks, General Land Office (photo by Department of the Interior).

A major difference between franchise funds and existing working capital funds is that under this legislative framework, franchise funds may charge fees necessary to establish a reserve of up to 4 percent above costs, in addition to covering operating costs and building a reasonable operating reserve. This additional reserve may be used for improvement and implementation of financial management systems, automated data processing systems, and other support systems. During 1997, the Department of the Interior established a Franchise Fund to take advantage of these provisions.

Products and Services

The Department's Franchise Fund provides a cross-section of administrative products and services to other Federal agencies, including:

- Administrative Systems and related support services, such as financial, procurement, property, and personnel systems;
- Administrative Operations, including financial, procurement, facilities, personnel, transportation and travel operations;
- Mainframe Computer Timesharing;
- Training and Development;
- Telecommunications/World Wide Web;



Interior Museum Paintings Featured in National Gallery Exhibit

Two giant paintings owned by the Department of the Interior Museum were featured in a national tour of the first retrospective exhibit of the works of the great 19th century American landscape painter Thomas Moran. These paintings are among the gems in the Department's extensive collections of nearly 70 million items of museum property, including more than 20,000 works of art.

The exhibit was organized by the National Gallery of Art and was underwritten by the Boeing Company. Moran's first great painting, Grand Canyon of the Yellowstone, completed in 1872, measures 12 by 7 feet and is one of the largest American paintings of the 19th century. It is credited with persuading Congress to set aside Yellowstone as America's first national park. The second Interior painting, Chasm of the Colorado, is of similar size and was completed in 1873-74.

This view of the Grand Canyon has been described as one of the most breathtaking works in all of American art. Both paintings (shown above) were purchased by Congress and installed in the Capitol in Statuary Hall. They were later transferred to the Department of the Interior, where they hung in conference rooms.

Interior lent the two Moran paintings to the National Museum of American Art when it opened in the 1960s. Interior approved lending the paintings to the National Gallery for the exhibit, which started its tour in Washington before moving to Tulsa and Seattle for 1998.

Following the national tour, Interior's Moran paintings will once again be on extended loan to the National Museum of American Art in Washington, D.C.

- Electronic Commerce; and
- Consulting Services.

Operating Model

To keep operating costs at a minimum, the Department decided to operate the Franchise Fund within existing management structures to the extent possible rather than to create and staff a separate organization. Consequently, the Franchise Fund subcontracts with bureaus and offices within the Department to provide the products and services requested by customers. During fiscal year 1997, three entities -- the Washington Administrative Service Center, the Interior Service Center, and the Minerals Management Service -- agreed to perform services under the Franchise Fund umbrella.

In addition, the administrative functions necessary to operate the Franchise Fund, including management, budgeting, accounting, and procurement of goods and services, are obtained through reimbursable agreements with the Department's Office of Financial Management and the WASC. During the year, a Director (under contract from the WASC) was designated to manage day-to-day Franchise Fund activities, and a Franchise Fund Operating Committee, composed of representatives of service providers was established to oversee operations.

The Department established an Administrative Service Advisory Board (ASAB) in fiscal year 1997 to provide executive management, leadership, and guidance to Interior bureaus and offices who provide services through the Franchise Fund or existing working capital fund arrangements. The ASAB also provides departmental

strategic planning and direction for administrative services.

Customers

The customers of the Franchise Fund represent a diverse cross-section of Federal entities, including one Legislative branch agency, four Executive branch cabinet-level agencies and four other Executive Branch commissions and agencies. The customer base is expected to expand during fiscal year 1998, when the Franchise Fund will begin to provide services to approximately 140 Federal agencies through the Denver Area Cooperative Administrative Support Unit (CASU).

Management Control Programs

The Office of Acquisition and Property Management developed and piloted two automated, Internet-based performance assessment systems to replace the traditional costly, labor-intensive on-site procurement and property management control reviews. "Quality in Contracting" was piloted in all bureaus to identify problems, trends, and best practices Departmentwide in 1997. The newly-developed Property Performance Measurement Assessment Survey was first test-piloted in the Bureau of Land Management in 1997, and a Departmentwide pilot will be completed in 1998.

Property Management Partnership

Interior has embarked on a property system strategy aimed at standardizing and streamlining the automation of the Department's personal, real and museum property management functions. The Property Management Partnership, comprised of property management officials from the bureaus and the Department, will lead the effort to increase productivity and avoid the costly development or modification of duplicative, independent, stand-alone systems. The Property Management Partnership will evaluate options and ensure that such efforts are Department-wide or multi-bureau in scope and coordinated with Interior's finance, procurement and information technology communities.

Energy Conservation Program

As of 1997, the Department reported being 15 percent more efficient in facilities' energy use as compared to



Fish and Wildlife Service zero-emission 38-passenger electric tram transporting visitors around the environmentally sensitive Patuxent National Wildlife Refuge, Maryland (photo by Department of the Interior).

energy used in 1985. We are on target to reach our goal of reducing energy consumption by 25 percent by 2002, ahead of the Administration's target. The Department implemented five Energy Savings Performance Contracts that provide for capital improvements to facilities and are paid for through energy savings. Nine showcase facilities have been designated throughout the country that highlight energy conservation in facilities with high public visitation. The Fish and Wildlife Service's National Conservation Training Center is the most recent showcase to be opened.

Greening of Interior's Motor Vehicle Fleet

At the end of 1997, Interior had nearly 300 alternative fueled vehicles (AFV) nationwide that are powered by natural gas, electricity, propane, ethanol, methanol, or bio-diesel. In support of the Energy Policy Act of 1992 and Executive Order 13031 (Federal AFV Leadership), Interior continues to increase its use and promotion of cleaner burning alternative fuels by creating public/private partnerships to share vehicle, fueling, and infrastructure costs of AFVs. These partnerships provide "hands-on" support for Interior's AFVs with special emphasis on:

- establishing clean transportation zones to demonstrate alternative fuel technologies;
- supporting the Department of Energy's Clean Cities initiatives;

- acquiring cleaner-burning alternative fueled transit vehicles and heavy duty vehicles; and
- promoting, through visitor education programs and public awareness, the use of AFV's as an important component in creating sustainable communities.

Purchase Card Program

The streamlining of Interior's procurement and payment processes includes actively promoting use of the government purchase card for purchases under \$2,500 and as a payment mechanism for purchases up to \$100,000. Over 19,000 cardholders (approximately 1 of every 3 employees) were authorized in fiscal year 1997. These cardholders made over 700,000 purchases valued at approximately \$211 million in fiscal year 1997 alone. This tool has allowed Interior's procurement workforce, which has been reduced by 24 percent since 1993, to concentrate on the remaining, more difficult and complex acquisitions.

Implementing the Government Performance and Results Act

The Government Performance and Results Act (GPRA) calls for effective planning, budgeting, program evaluation, and fiscal accountability for Federal agencies. The Department has an aggressive plan in place to ensure that the requirements of GPRA will be fully implemented in 1999. During 1997, the Department was successful in achieving the first major milestone in GPRA -- the development of strategic plans for the Department and its bureaus by September 30, 1997. Additional information concerning the Department's strategic plan, as well as bureau goals

and objectives, is presented in the Management Discussion and Analysis section of this report.

Interior worked collaboratively during 1997 with Congress, the Office of Management and Budget, the U.S. General Accounting Office, and others in pursuing innovative strategies to meet the challenges, expectations, and requirements of GPRA. The Department will now direct its efforts toward exploring effective ways to link its strategic plan with the budget, developing and refining performance measures, and consolidating reporting requirements of GPRA with other related reports. The Department will continue to pursue improved accountability by cascading performance goals throughout the organization and tying them to individual performance plans and agreements. The Department is gathering performance data that will form a baseline for full implementation of GPRA in 1999.

Customer Service

The Department is committed to providing the best possible service to customers, partners, and stakeholders. Over the past three years, Interior's bureaus and offices have developed customer service plans, established standards of service, and conducted customer surveys. This data has been used to make management changes based on customer feedback. The Department is also using partnerships and new technology to improve service and operate more efficiently. During fiscal 1997, bureaus conducted and published the results of various customer surveys. These reports provided feedback on how Interior is meeting the needs of its customers, improving service, and meeting its standards. These reports are available electronically on the Internet at http://www.doi.gov/doi_cust.html.